

STATEMENT OF PURPOSE

RS19454C1

The purpose of this act is to create new, good paying jobs at Idaho businesses specializing in repair and maintenance of large, business jets by eliminating the disadvantage an Idaho business has competing with similar businesses located in states that do not impose taxes installed on parts in large, turbine powered aircraft owned by non residents.

This change in Idaho law will make the taxation of parts installed in qualifying aircraft owned by non residents consistent with the taxation of parts installed as components of aircraft manufactured in Idaho and sold to non residents. This act does not change the taxation of parts installed on aircraft owned by Idaho residents.

FISCAL NOTE

In 2009 sales taxes in the amount of \$192,753 was collected for parts installed by Idaho persons licensed by the federal aviation administration on non resident owned turbine powered aircraft in excess of 12,500 pounds. 80 percent of the customers from whom the above amount was collected reside in states that impose sales & use taxes on aircraft parts and would have no reason to apply for the rebate.

If this act becomes law Western Aircraft will add 10 full time employees at an average annual salary of \$50,000 and invest \$3.5 million expanding & improving large aircraft repair facilities. According to Idaho Dept. of Labor the large aircraft repair industry creates a revenue multiplier of 1.59 so each \$50,000 job generates \$29,500 of additional earnings in the local economy. The increased revenue expected from 10 new jobs the first year will result in an additional \$44,124 in combined personal and corporate Idaho income taxes. At least 50% of the \$3.5 million facilities improvement will be materials subject to state sales tax producing an additional \$105,000 income to the general account. In addition with passage of this act Western Aircraft expects to add 100 employees over the next ten years and invest \$8.5 million in a new, hangar beginning in 2015.

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